



**Western Cape
Government**

Provincial Treasury

CFO FORUM

11 JUNE 2012

SUPPLY CHAIN MANAGEMENT

1. Introduction

- The 1st quarterly SCM Forum for 2012 /13 Financial year was held on 17 May 2012 at Drakenstein Municipality.
- The institutions and the presenter s listed below were invited and made presentations on the identified topics.

2 National Treasury – Mr J Soobramanian

▪ **Implementation of the Revised Preferential Procurement Regulations , 2011.**

- An Implementation Guide together with municipal bidding documents were issued on 1 December 2011 to assist Accounting Officers with the implementation.
- PPPFA and Preferential Procurement Regulations, 2011 not applicable to the sale and letting of assets.
- If assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the awards must be made to the highest bidder.
- Tax Clearance Certificate requirements apply to the sale and letting of assets.

▪ **SCM Regulation 44**

- Criteria followed by AG in determining irregular expenditure – If the award is made to persons in service of the state:
 - the declaration was submitted by the bidder(MBD4);
 - the MBD 4 was submitted and the interest was declared;
 - the municipality was expected to have known that the bidder is in the service of the state; and
 - the interest was previously reported by the AG

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- **AG's position on SCM Regulation 44**

- Municipalities would only be in a position to access their own staff structure.
- If the bidder is found to be in service of the state of another state institution and has not declared, the AG would inform the municipality accordingly.
- If the AG has informed the municipality of such transgression, disciplinary action must be initiated.
- If the supplier is found to be in the service of the specific municipality, irregular expenditure will be reported.

- **SCM training on Minimum Competencies**

- Circular 60 outlines the process flow for managing the minimum competency deadline of 1 January 2013.

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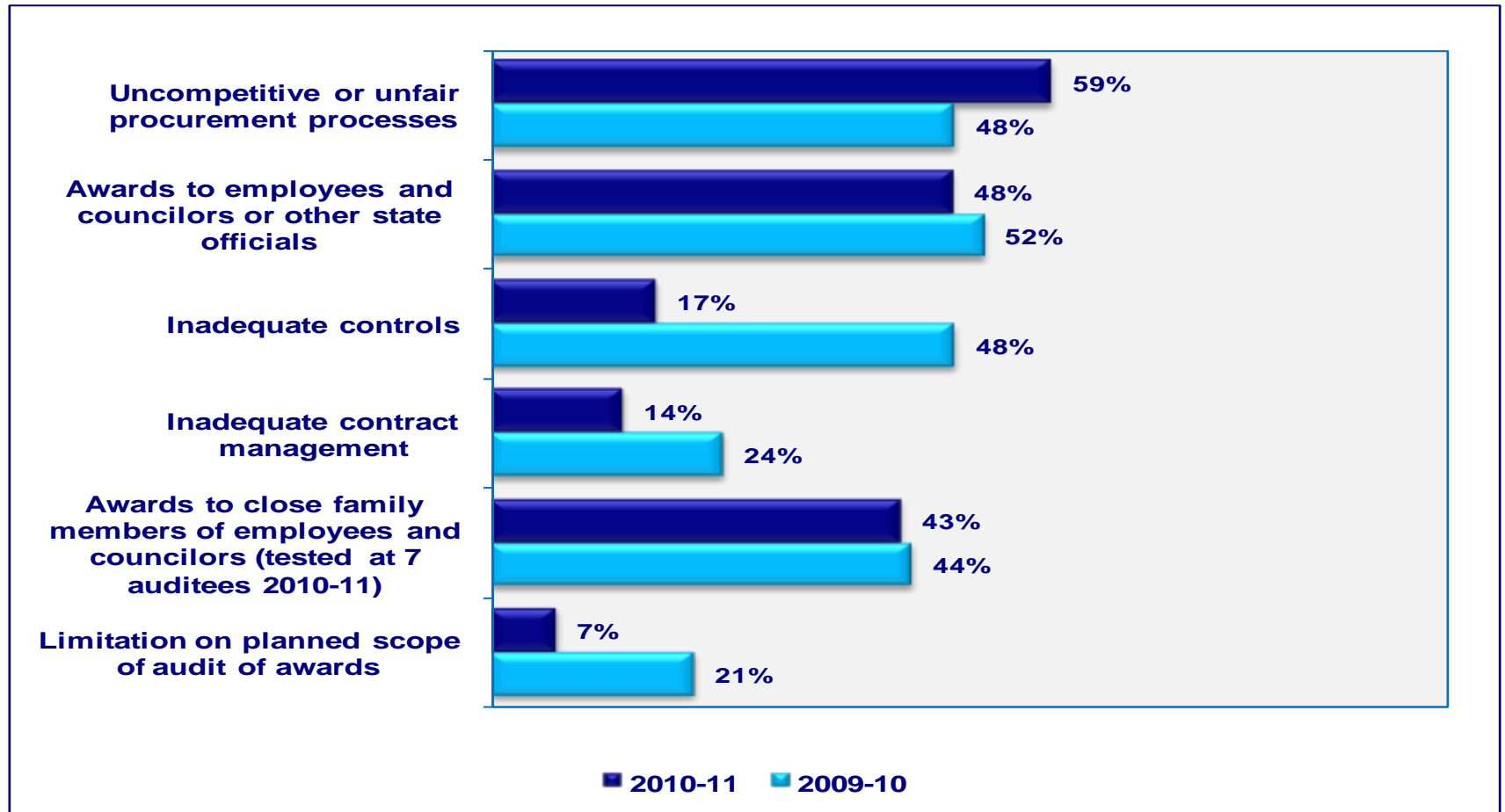
3 Auditor General of South Africa – Mr R Venter

▪ MFMA audit outcomes 2010/11

➤ Risk areas for audit on SCM were:

- awards to providers who are in service of other state institutions- provider did not declare interest.
- SCM Regulation 44 was reported as irregular expenditure for the period under review
- awards to providers who are close family members/partners/associate of persons in service of the state
- SCM regulation 45 was not reported as irregular expenditure for the period under review
- Three written quotations not invited - no deviation approved
- Competitive bids not invited – no deviation approved or approved deviation not justifiable

- Summary of findings on SCM



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4. SARS - Mr F Engelbrecht

- SARS intent of expanding the footprint of the organization to areas where it have not reach out to taxpayers yet.
- Through education interventions at workshops, forums and seminars create an awareness about SARS.
- They intent to expand the SARS footprint through the following initiatives:
 - Targeted campaigns
 - Point of service
 - Employer site visits
 - Mobile tax units
 - Co-Locations with government departments and municipalities
- The following Thusong service centres have been identified as potential co-locations:
 - Cape Metropole: Khayelitsha, Nyanga and Athlantis
 - Cape Winelands District: Ceres (Bella Vista)
 - West Coast District: Vredendal and Vredenburg Municipality
 - Central Karoo District: Laingsburg
 - Eden District: Oudtshoorn and Riversdale
 - Overberg District: Overstrand Municipality

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- They seek to engage with authorised officials through a meeting at a premises within each District Municipality.
- Conclude SLA's to formalise the collaboration between the relevant stakeholders.

5 Witzenberg Municipality's Good practices – Mr R Esau

- **Bid Committee System**
 - Beside the prescribe BSC composition, representatives from LED and IDP units also form part of the committee.
 - BSC, BEC and BAC members undertake confidentiality and impartiality at start of each meeting.
 - Despite being classified as a low capacity municipality, segregation of duties are clearly defined amongst the limited number of officials.
 - Preferred service providers credentials are check on TransUnion w.r.t persons in the service of the state.
 - All bid related queries are forwarded in writing to the SCM office.
 - The municipality have a structured SCM reporting Framework.